MULTIMEDIA UNIVERSITY

STUDENT IDENTIFICATION NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2018/2019

BBL2614 – BUSINESS LAW

All Sections

29 MAY 2019
09:00 a.m. – 12:00 p.m.
(3 Hours)

INSTRUCTIONS TO STUDENTS

1. This Question paper consists of 3 pages with 4 Questions only.

2. Answer **ALL** questions. All questions carry equal marks and the distribution of the marks for each question is given.

3. Please write all your answers in the Answer Booklet provided.

QUESTION 1 (25 MARKS)

(a) Naser, a member of the Parliament, gave a lavish dinner to the delegates of the Commonwealth Conference in Pan Pacific Hotel. After the dinner Naser entered into a contract with the hotel's management to take the delegates to Genting Highlands and bring them all back to Kuala Lumpur the next morning. Zaid, Naser's friend promised the hotel's management that he would pay RM500 if the management performed the contract which it had entered into with Naser. The contract was performed. Zaid refused to pay RM500 to the hotel's management. Discuss.

(10 Marks)

(b) Abu and his wife, Azra mutually agreed to separate. Before they began to live separately and apart, Abu executed an agreement in writing registered the document wherein he promised that during the separation period he would give Azra a monthly maintenance allowance of RM250. The agreement recited that there had been continuous quarrels between Abu and Azra and as a result of which they had voluntarily agreed to separate. Azra sues Abu to enforce the promise. Discuss critically whether the promise made is enforceable.

(10 Marks)

(c) "Agreement made without consideration is void." Explain the exceptions to this rule.

(5 Marks)

QUESTION 2 (25 MARKS)

Kylie operates a successful water bottle business as a sole trader. She decides to sell a greater variety of bottled water. After examining different brochures she discovers 'Dave's Bottled Mineral Water Supply'. The owner of the business is David. Kylie tells David that she buys bottled water but is interested in expanding her business by selling mineral water. David tells Kylie that he has a large selection of mineral water. David shows Kylie a brochure of all the different kinds of mineral water he has for sale. The brochure shows that the mineral water comes from a mountain creek. Kylie asks David whether he has some mineral water for her to try. David hands over a bottle from the shelf and asks her to taste it. Kylie drinks the water and says it tastes better than the plain water. Kylie decided to buy a one year supply to sell to her customers. She purchases 35,000 bottles for a total cost of RM35,000. After selling 1,000 bottles of mineral water in the first two weeks, Kylie discovers that some of her customers complain about stomach pains, vomiting and diarrhoea. Kylie sends a bottle of the mineral water to scientific laboratory. The lab discovers that the water contains a virus undetectable to the naked eye. Advise Kylie of her statutory rights and remedies against David under the Sale of Goods Act 1957.

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QUESTION 3 (25 MARKS)

(a) Caprice was appointed as an agent by Deris to handle his business in Cameron Highland. Deris also asked Caprice to purchase a piece of land in Cameron Highland for a price not exceeding RM500,000 so that he can build a bungalow for his wife. Discuss the legal position in respect of the following circumstances.

(i) Caprice bought a piece of land with the price of RM600,000 on behalf of Deris. Enriko, the owner of the land came to claim the payment from Deris but Deris said that he has already purchased another land.

(10 Marks)

(ii) Deris asked his neighbour, Jonny, to deliver 100kg of strawberries to Ahmad in Johor Bharu since Jonny had a meeting there. When he arrived in Johor Bharu, he tried to contact Ahmad for two days but to no avail. Later, he discovered that the strawberries begin to get soft and some of them have already leaked sticky liquid. He called Deris in order to inform him about the condition of the strawberries but Deris was in Busan for vacation. Jonny then decided to sell the strawberries to his friends during the meeting for a cheaper price. When Deris came back from holiday, he wanted to take legal action against Jonny to recover his loss.

(10 Marks)

(b) Negotiable instruments are commonly used in banking. Define the term negotiable instrument and explain the characteristics of negotiable instrument.

(5 Marks)

QUESTION 4 (25 MARKS)

(a) According to section 2 of the Hire-Purchase Act 1967, hire purchase agreement includes a letting of goods with an option to purchase and an agreement for the purchase by instalment.

(i) Discuss how a hire purchase agreement is formed.

(8 Marks)

(ii) Explain implied conditions and warranties applicable to all hire purchase agreement.

(7 Marks)

(b) In the context of insurance law, a person entering into a contract of insurance is required to disclose material facts. Explain the statement and discuss the consequences of an insurance policy when a material fact is not disclosed.

(10 Marks)

End of Paper